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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

ALLTEL SERVICE CORPORATION

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November 8, 1993

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

AM-8354

RE: In the Matter of Revision of the Commission's Part 64 Requirements for the Filing of
Cost Allocation Manuals by Certain Local Exchange Carriers, RM-8354

Dear Mr. Caton:

Enclosed for filing by ALLTEL Service Corporation on behalf of the affiliated ALLTEL telephone operating companies, are an original and nine copies of its comments in the above referenced proceeding.

Should there be any questions concerning this matter, please contact the undersigned counsel.

Sincerely,

Diane Smith
Vice President - Federal Government Affairs

mcg
Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Revision of the Commission's Part
64 Requirements for the Filing of
Cost Allocation Manuals by
Certain Local Exchange Carriers

RM-8354

ALLTEL Service Corporation's Comments in Support of the
Petition for Rulemaking of the United States Telephone Association

ALLTEL Service Corporation, on behalf of its affiliated telephone operating companies (hereinafter "ALLTEL"), hereby submits its comments in support of the United States Telephone Association's Petition for Rulemaking to Revise the Commission's Part 64 Requirements for the Filing of Cost Allocation Manuals by Certain Local Exchange Carriers ("Petition") filed September 9, 1993 in the captioned proceeding.

USTA requests that the Commission undertake this rulemaking in order to amend Section 64.903(a) of its rules to increase the revenue threshold requirement for filing cost allocation manuals ("CAMs") from carriers with annual operating revenues of \$100 million to \$1 billion. The immediate effect of this modification would be to relieve four carriers, Puerto Rico Telephone Company, Rochester Telephone Corporation, Cincinnati Bell Telephone Company, and Lincoln Telephone and Telegraph Company from having to file and update quarterly CAMs and submit to extensive CAM audits. ALLTEL supports an increase in the annual operating revenue threshold to \$1 billion for two principal reasons. First, the cost of these burdensome administrative requirements for mid-size companies such as those captured by the existing

threshold exceeds the public benefit to be gained from such reporting. Second, such requirements are not necessary in light of the other reporting requirements and rules already imposed and enforced by the Commission. ALLTEL will address each of these arguments below.

1. The Commission Should Undertake this Rulemaking to Determine Whether the Benefits to be Gained by CAMs Reporting for Mid-size Carriers are Outweighed by the Cost of Compliance.

Clearly the Commission has an interest in assessing and overseeing a telecommunications carrier's allocation of regulated and non-regulated activities. Still, the expense of CAMs filings, plus updates and audits can be significant. For this reason, ALLTEL believes that a rulemaking is in order to determine whether the benefits to be gained by requiring such reporting from mid-size carriers are outweighed by the cost of compliance. The four carriers immediately affected by this proposal provide service to approximately 2.9 million access lines. The largest of these carriers provides service to well less than 1% of the total access lines in the nation. Requiring four carriers, who together represent less than 2.1% of the nation's access lines to provide lengthy and costly data in order to capture specific and exact cost allocation information seems overly cumbersome compared to the public benefit that is gained from such reporting.

2. The Commission Should Evaluate Whether Other Commission Rules and Regulations Permit Oversight of Affiliated Transactions.

As USTA notes in its Petition, every carrier, whether or not it is required to file a CAM, is still subject to Commission rules governing cost separation and allocation (Petition, p. 7). The annual access filings, ARMIS reporting, and USOA oversight all provide data to the Commission which enable oversight of regulated and non-regulated activities. Moreover, as the telecommunications marketplace becomes more competitive, it is important that the Commission permit regulatory streamlining where appropriate. The Commission recently recognized the benefit of differentiated regulatory treatment for small and mid-sized LECs in its Report and Order in the Matter of Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation, CC Docket 92-135 wherein the Commission stated:

"These smaller carriers face increased challenges on a number of fronts. Neighboring Bell Operating Companies compete for customers with new services and repackaged existing services. Changing regulatory requirements, such as the Commission implementation of Open Network Architecture and requirements for expanded interconnection, create new expectations from customers and increase the demand for quality service and responsiveness. Finally, new technologies, in particular those offered by neighboring exchanges, increase the LECs' need for regulatory flexibility and the ability to respond to competitive service offerings." (Report and Order, p. 2).

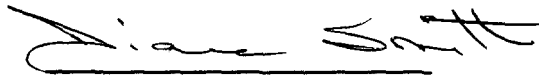
In order to successfully meet the increased challenges enumerated by the Commission, it is important to address opportunities to relieve mid-size carriers of redundant or unnecessary regulatory burdens and this rulemaking represents such an opportunity.

For the reasons outlined above, ALLTEL believes the instant rulemaking is in the public interest. The opportunity to substantially reduce the administrative costs imposed on mid-size carriers as a result of these requirements plus the potential for eliminating redundant regulation support initiation of the requested rulemaking.

Respectfully submitted,

ALLTEL Service Corporation,
on behalf of its affiliated
telephone operating companies

By



Diane Smith
ALLTEL Service Corporation
1710 Rhode Island Ave., N.W. Suite 1000
Washington, D.C. 20036

Its Attorney

November 8, 1993

Certificate of Service


I, Maura C. Gordy, do hereby certify that on this 8th day of November 1993, copies of the aforementioned comments were served by hand on the following:

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Maura C. Gordy

November 8, 1993